



## State of Tennessee

David H. Lillard, Jr., State Treasurer

For Immediate Release: Nov. 22, 2010

### **Treasury Department to Offer Financial Incentive for College Savings Accounts, Discontinue Sale of New Units in Prepaid Tuition Program**

To help counter the rising costs of college tuition, the Tennessee Department of Treasury will soon offer matching funds to encourage more people to invest in a state-promoted college savings plan.

New and existing account holders in the Path2College 529 Plan can apply to receive up to \$50 in matching funds from the state to supplement the money they invest. The plan offers people the opportunity to enjoy certain tax advantages on money they invest for tuition and other qualified college expenses.

Account holders will be able to apply for the matching funds between Jan. 1 and May 31. The state has appropriated \$250,000 for the TN Cash4College incentive program this year and that money will be distributed to eligible participants on a first-come, first-served basis.

More information about how to apply is available at: [www.tncash4college.org](http://www.tncash4college.org)

“There have been numerous stories in the media lately about the rising costs of college tuition,” Treasurer David H. Lillard Jr. said. “According to one recent report, the College Board noted that the average tuition and fees for an in-state student attending a four-year public university increased almost 8 percent in the last year alone. That is why it is very important for parents, grandparents and other relatives to start saving money for college while children are still young. I hope our new incentive program will encourage more people to do that. Receiving \$50 in return for investing \$50 is the fastest money people will ever make. Hopefully, those matching funds will be a catalyst to encourage account holders to make regular investments in the Path2College 529 Plan as their children grow toward adulthood.”

Treasurer Lillard is promoting Path2College as an alternative to the state’s prepaid tuition plan, which will no longer be selling new tuition units. Members of the Baccalaureate Education System Trust Board of Trustees made that decision today.

The board’s action will not affect the status of tuition units previously purchased through the program. Prepaid account holders with questions may call: 1-866-486-2378 or e-mail:

[best.office@tn.gov](mailto:best.office@tn.gov) . Account holders may also visit the program website at [www.tnbest.org](http://www.tnbest.org).

Since the prepaid tuition program began in 1997, tuition increases have generally risen faster than the rate of return on investments made on the proceeds of tuition unit sales. A determination was made that the program probably would not be self-sustaining in the future if it continued to sell units.

“I believe the prepaid tuition program was started with good intentions,” Treasurer Lillard said. “However, over the last four years, the General Assembly has placed about \$40 million in taxpayer dollars into the program to compensate for the disparity between tuition increases and investment returns. I do not believe it would be wise to potentially put future taxpayer dollars at risk by expanding the program. Those prepaid plan participants who want to continue making contributions to their children’s college education should strongly consider the Path2College 529 Plan as an alternative.”

In addition to contributions made by check, participants in the Path2College 529 Plan have the option of adding money to their accounts through automatic payroll deductions. For more information about the Path2College 529 Plan, visit: [www.path2college529.com](http://www.path2college529.com)

Please feel free to contact a customer service representative toll free at 888-486-2378 or 615-532-8056, Monday – Friday 8:00 a.m. – 4:30 p.m. Central Time if you have questions, or if additional information is needed. You may also e-mail our office at [BEST.Office@tn.gov](mailto:BEST.Office@tn.gov) or visit the program website at [www.tnbest.org](http://www.tnbest.org).

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